



Densifying Berkeley: Potential Impacts on Displacement and Equity

A Report by the Anti-Eviction Mapping Project

Executive Summary

The Bay Area, like the rest of California, has a severe affordable housing shortage. The affordable housing crisis is often attributed to the prevalence of single-family zoning, an exclusionary policy rooted in a long history of racial segregation. Berkeley's move to end exclusionary zoning was touted as a racial equity measure that would increase the access of vulnerable populations to affordable and stable housing. The city is considering ways to upzone Berkeley as a part of its Housing Element Update to create missing middle housing, which is perceived to be more affordable than single-family homes. In this report, the Anti-Eviction Mapping Project (AEMP) asks whether upzoning can be deployed to equitably distribute housing to people who need it most without simultaneously increasing the risk of displacement in those communities. AEMP concludes that the city cannot rely solely on housing production, even when coupled with inclusionary policies such as requiring a certain number of below market rate apartments, to desegregate and provide much-needed housing to low-income communities. Strengthening tenant protections, disincentivizing speculation, and other anti-displacement measures must be key components of any efforts to densify the city.

The outcomes of upzoning depend on the particular nuances of upzoning policies as well as the unique contexts in which they are implemented. In this study, we couple the research and debates on upzoning in the state and beyond with a rigorous analysis of the impact of development on Berkeley communities as well as a model for projecting their risk to future displacement caused by zoning reform. We analyze data from the American Community Survey (ACS), Integrated Public Use Microdata Series (IPUMS), Alameda County Assessor's Office, and the Berkeley Rent Stabilization Board and City of Berkeley to understand the particular housing needs of Berkeley's communities and project their vulnerability to displacement. We also examine the impact of past development and zoning changes in three key Berkeley neighborhoods: Downtown Berkeley, the area immediately south of the UC Berkeley campus, and West Berkeley. Our recommendations look at how Berkeley can use zoning reform in combination with its strong tenant protections to distribute the benefits of upzoning more equitably, and to mitigate the risks of displacement and impacts of racial exclusion.

Key Findings:

- Upzoning can lead to speculation, increased land values, and displacement. By the same token, upzoning has not led to greater racial integration and opportunities for vulnerable communities.

Upzoning alone is unlikely to make housing affordable to those most in need in Berkeley and make Berkeley's housing market more equitable.

- Because filtering - does not appear to be creating significant numbers of units affordable to low-income residents, it is unlikely that the production of additional market-rate units will substantially increase the amount of housing available to those most in need.
- The private market is unable to produce sufficient levels of affordable housing even with subsidies and other incentives.
- Our model shows that the production of affordable housing lowers the risk of displacement, while the impact of market-rate housing is not statistically significant.
- The greatest deficit in Berkeley's housing supply lies at Low Income (50-80% AMI) and Very Low Income (<30-50% AMI or below) levels. These households are forced to occupy housing at much higher income levels.
- Current West Berkeley and South Berkeley residents are the most vulnerable to displacement by zoning changes; North Berkeley and Southeast Berkeley residents have minimal or low risk.

Key Recommendations:

- Protect Vulnerable Areas – South Berkeley, West Berkeley – from the impacts of upzoning by directing future upzonings considered as a part of the city's Housing Element Update to North and Southeast Berkeley, areas of 'minimal' or 'low' concern for displacement. Consider a special district overlay to preserve and develop affordable housing in vulnerable areas.
- Mandate a Racial Impact Study ahead of all rezonings.
- Adopt additional Anti-Displacement Measures by mandating one-to-one replacements of protected units in cases of demolition, passing legislation to ensure the safety and habitability of housing during construction, and adopting a 'right to return' policy. Prioritize the production of rental units over condominiums, and addition to and subdivision of existing structures over demolition.
- Increase protections and resources for low-income tenants, such as rent relief for tenants struggling to pay rent and protection from 'source of income' discrimination.
- Adopt Anti-Speculation Measures by encouraging community ownership of land through land trusts, housing cooperatives, and tenants' opportunity to purchase the homes they live in. Disincentivize speculation by imposing transfer and vacancy taxes and enforcing laws regulating short-term rentals.
- Increase the Production of Affordable Housing by adjusting the city's affordable housing mitigation fee periodically to accurately calculate land value capture on new developments and to incentivize the production of affordable units. The City should incentivize the production of affordable units through Costa-Hawkins 1954.52B by creating a process for homeowners and developers to regulate rent increases in exchange for waivers and bonuses. Berkeley should consider lowering the threshold for the AHMF to include all new residential development.
- Expand the Berkeley Rent Registry to capture rental costs for units partially covered by the Stabilization Ordinance to better track patterns of speculation and tenant turnover and to inform Berkeley's housing policies.